



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

April 30, 1999

H.R. 1400 **Bond Price Competition Improvement Act of 1999**

As ordered reported by the House Committee on Commerce on April 21, 1999

CBO estimates that implementing H.R. 1400 would have no significant effect on the federal budget. The bill would require the SEC to adopt rules to assure that information about transactions involving certain debt securities is made available to the public on a timely basis. Such information would include price, volume, and yield. In addition, the bill would require GAO to conduct a study of measures needed to improve information about transactions involving municipal securities and debt securities that are exempt from the new SEC rules. Assuming availability of appropriated funds, we estimate the Securities and Exchange Commission (SEC) and the General Accounting Office (GAO) would spend less than \$500,000 to implement the bill. H.R. 1400 would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

H.R. 1400 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would not affect the budgets of state, local, or tribal governments.

H.R. 1400 would impose a private-sector mandate, as defined by the UMRA, on the National Association of Securities Dealers (NASD). The NASD is a self-regulatory organization that issues rules governing practices by broker-dealer firms in the over-the-counter market. CBO estimates that the cost of the mandate would not exceed the threshold established by UMRA (\$100 million in 1996, adjusted for inflation).

This bill would require that the NASD broaden its current initiative to improve the transparency of the corporate bond market to include securities issued by government-sponsored enterprises (GSEs) and certain international financial organizations. Transparency in securities markets is the extent to which timely data on prices and transactions is visible and understandable to all market participants. Under this bill, the SEC would require that the NASD collect, process, distribute, and publish information (such as price, volume, and yield) about the purchase or sale of those securities. Based on information from the SEC and NASD, CBO estimates that the cost of this mandate would be well below the private-sector threshold.

The CBO staff contacts are Mark Hadley (for federal costs), and Jean Wooster (for the private-sector impact). This estimate was approved by Robert A. Sunshine, Deputy Assistant Director for Budget Analysis.